



## Doing Business in Oman: 2011 Country

### Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business in Oman

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## Market Overview

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The United States and the Sultanate of Oman share a strong bilateral relationship based on a joint commitment to the security and stability of the region. Oman is a firm but discreet regional actor, taking an active role as a member of the Gulf Cooperation Council (GCC), which includes Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, and Bahrain. The government of Oman is a monarchy with a population of approximately three million, ruled by Sultan Qaboos bin Said Al Said since 1970. During his forty years as Oman's leader, Sultan Qaboos has transformed a nation of subsistence farmers and fishermen with a total of six kilometers of paved road into an infrastructural marvel with all the trappings of modern life.

Oman is a middle-income country with an economy based primarily on dwindling hydrocarbon resources. Oil and gas revenue is expected to account for 81 percent of the government's revenue in 2011. High oil prices in recent years bolstered Oman's budget, trade surpluses, and foreign reserves. Increased expenditures in 2011 associated with Oman's Arab Spring will likely offset increased oil revenues and may result in a budgetary deficit. The government of Oman, however, is confident that its monetary reserves will cover the increase in spending.

Oman acceded to the World Trade Organization in 2000, is a member of the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), and entered into a Free Trade Agreement (FTA) with the United States in 2009. The 2011 Heritage Foundation's Economic Freedom Report gave Oman a score of 69.8; 34th place and 2.1 points higher than last year, reflecting improvements in business freedom, monetary freedom, and government spending within the Sultanate. Oman is ranked third out of the 17 countries in the Middle East / North Africa region, and its overall score is above the world and regional averages. Oman was ranked 41<sup>st</sup> on Transparency International's 2010 Annual Corruption Perception Index, behind Qatar and the United Arab Emirates in the GCC. Membership in international organizations, bilateral and multilateral agreements, and the way in which the country is internationally perceived is a key aspect of Oman's foreign policy. Note that Oman is not a member of the Organization of the Petroleum Exporting Countries (OPEC).

U.S. exports to Oman totaled \$1.1 billion in 2010 and U.S. imports from Oman totaled \$770 million, creating a positive trade balance of \$300 million. Both Oman and the United States seek to see their trade relationship significantly expand and are working to leverage their FTA to that effect. The U.S.-Oman FTA removed most customs duties; the remainder will be phased out over the next seven years. The FTA also allows for national treatment of American companies entering Oman.

Due to its relatively limited energy reserves, Oman is diversifying its economy away from oil and gas production. The long-term “Oman Vision 2020” development plan highlights the need for diversification of the Omani economy by increasing the number of Omanis in the workforce (Omanization), industrialization, and privatization. Oman actively seeks foreign investment, especially in the industrial, information technology, tourism, healthcare, fisheries, and higher education sectors. The government views expanding Oman’s infrastructure as vital for economic growth and continues to allocate a substantial portion of its budget toward infrastructure. The government has also increased spending in the education and health sectors.

### **Market Challenges**

A number of constraints affect trade and investment in Oman. The problems posed by the country’s relatively small population and small domestic markets are amplified by the absence of a modern, high-value consumer market beyond the capital area. This situation results in “leakage” to Dubai and other foreign retail centers. In addition, other countries in the region typically offer higher industrial subsidies and lower quotas for hiring nationals than Oman.

While Oman is an attractive market for a number of products and services, at times the market can be a difficult place for American firms to do business. There can be significant bureaucratic obstacles to enterprise development, including labor clearances, business registration, and a prohibition on real property rights for foreigners outside of Integrated Tourism Complexes. Further, the divide between the government and the private sector is not well-defined in Oman, leading to potential conflicts of interest. Of note are the many oligarchic, closely-held businesses with familial ties to government officials. Additionally, government decision-making can often be opaque. Firms that have been successful in Oman usually have previous experience in the Middle East or a full-time in-country representative or office.

Of particular concern for many international firms in Oman is the Omanization process, wherein the government sets quotas for Omani employment on a sectoral basis. Many companies, both Omani and international, have noted that some of the quotas are difficult to satisfy. Further, obtaining labor clearances for employees continues to be both time consuming and costly. Despite the government’s efforts to replace expatriate workers with Omanis, Oman still heavily depends on South Asian and other foreign labor. As of end of March 2011, the Ministry of Manpower reported that there were 985,716 expatriates working in Oman’s private sector; expatriates and their families represent approximately one-third of the population. The Omanization drive has increased in recent months as a result of demonstrations in February, March, and April for more jobs for

Omanis. Companies are encouraged to exceed their Omanization quotas, turn over management jobs to Omanis, and create training programs for new hires, which can be costly.

### **Market Opportunities**

Although oil and gas production will remain the backbone of Oman's economy for years to come, the non-oil sector of the economy is making great strides. Growth areas include: infrastructure, including rail and ports; water and power projects; security and safety equipment; medical equipment, services and supplies; construction and engineering services; building products; renewable energy construction, technology, and services; industry; and mining..

American investment in Oman is addressed in the U.S.-Oman Free Trade Agreement. American companies may register as an Omani firm, with 100 percent American ownership. GCC investors are also permitted to fully-own companies in Oman. Other nationalities are bound by the Foreign Business Investment Law of 1974, as amended. In general, the law limits foreign shareholding to 70 percent of any company, thus requiring foreign investors to partner locally. A foreign investor may seek an exception from the Omani Cabinet, which may allow a fully foreign-owned company to form in Oman. Corporate profits are taxed at a flat rate of 12%, and the first \$78,000 is tax free. For special/free trade zones there is up to a ten year holiday on taxation. Oman does not have a personal income tax.

### **Market Entry Strategy**

- An American company may wish to consider registering as a fully U.S.-owned company under the FTA to avoid profit-sharing and potential disputes with a local partner.
- An on-the-ground presence in Oman is an advantage.
- Personal relationships are key to finding and retaining a good local partner.
- Agents are commonly used, but not always required.
- Agreements generally require significant lead time and follow-up before finalization.
- Omanis appreciate flexibility in contract negotiations; any concessions they make should be met with a concession on the American company's side, regardless of that company's size.
- Government contracts oftentimes take many months – sometimes a couple of years – before they are awarded.

- Importers must be registered with the Ministry of Commerce and Industry and be members of the Oman Chamber of Commerce and Industry.
- Importers/distributors are most commonly used in the retail food business.
- Food processors and the hotel/restaurant industry may import directly or purchase goods locally from distributors.

U.S. companies seeking general export information, assistance, or country-specific commercial information should contact their nearest U.S. Export Assistance Center, the U.S. Department of Commerce's Trade Information Center at 1-800-USA-TRADE (1-800-827-8723), or visit: [www.export.gov](http://www.export.gov) or [www.buyusa.com](http://www.buyusa.com).

Agricultural reports are available via the Reports Office, USDA/FAS, Ag Box 1052, Washington, D.C. 20250-1052 and via the FAS Home Page on the Internet at the following URL: <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on one of the links below:

U.S. Department of State Background Notes

<http://www.state.gov/r/pa/ei/bgn/35834.htm>

CIA World Fact Book

<https://www.cia.gov/library/publications/the-world-factbook/geos/mu.html>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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Foreign companies wishing to distribute their products in Oman often prefer using a local agent, although, due to implementation of the FTA, American companies are no longer required to do so. Agents are particularly useful for sales to the Omani government. Constrained budgets encourage government procurement officials to buy direct; however, in practical terms, it is still difficult for foreign firms to sell to the government without an Omani agent scouting for and bidding on tender opportunities. As in other Gulf countries, regular, personal contact is the key to success in trade relationships.

The manufacturer or supplier may not unilaterally terminate the agency agreement except where there is an unjustifiable breach of agreement by the agent. Agents are encouraged to register agreements at the Oman Chamber of Commerce and Industry (OCCI). Agents must register with the Registrar of Agents and Commercial Agencies at the Ministry of Commerce and Industry (MOCI).

The Embassy's Commercial Section can provide details and background on most Omani companies and/or potential agents. In addition to consulting the Embassy, personal visits to potential agents are recommended. Due to the complexity of Omani regulations, it is advisable to obtain legal counsel before drawing up an agency agreement. While the Embassy's Commercial Section offers general information on Oman's commercial regulations, formal legal counsel is recommended for specific questions on labor, investment, and tax laws, licensing procedures, and for the resolution of commercial disputes. The Embassy's Consular Section maintains a list of local attorneys, including

those specializing in commercial law. The Consular Section can be reached at: [ConsularMuscat@state.gov](mailto:ConsularMuscat@state.gov).

## **Establishing an Office**

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The first step in establishing a local office in Oman is to register at the Ministry of Commerce and Industry and the Oman Chamber of Commerce and Industry (<http://www.chamberoman.com>). To register a franchise, in addition to the steps above, the owner is required to register at the local municipality (for example, Muscat Municipality, on-line at <http://www.mctmnet.gov.om/>).

## **Franchising**

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A number of U.S. franchises are well-established in Oman, particularly in the fast-food restaurant sector. Most major brands are established (McDonalds, Burger King, KFC, Pizza Hut, Domino's, Hardees, Subway, Papa John's, Chili's, Starbucks, Dunkin Donuts, Baskin Robbins, Dairy Queen, and Cold Stone Creamery), with new ones opening regularly. Relatively high per capita income, a young population, a high rate of unaccompanied expatriates, and the lack of alternate entertainment venues encourage out-of-home dining. U.S. car rental franchises (Hertz, Budget, Avis, Thrifty, and Pay-Less) are also popular. Omani businesses continue to express interest in U.S. franchise opportunities.

To franchise in Oman the principal and the local agent must sign a formal contract, which must be approved by OCCI and registered with the Registrar of Agents and Commercial Agencies at the MOCI and the local municipality.

## **Direct Marketing**

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There are four daily English language newspapers in which companies can advertise - the Oman Daily Observer, Oman Tribune, Muscat Daily, and the Times of Oman - each of which has a business section that is predominantly read by expatriates. The Arabic dailies Oman, Al-Watan, Al-Shabiba, Al-Zaman, and Al-Roya reach a broader Omani audience and are also published seven days a week. Most dailies have a website on which companies can advertise. Arabic weeklies include Al Isbou'a, Al Youm A'Saba, and Futoon. Two independent business monthly magazines, Business Today and Oman Economic Review, began publication in 1998, and there are three free English language weeklies: The Week, Hi, and Y. Advertising is also possible on Omani television and radio and on highway signs. Many businesses also distribute flyers in residential neighborhoods.

A royal decree in 2004 provided a framework for the future development of private media outlets in the Sultanate. In October 2005, the government announced that it had awarded its first television and radio broadcasting licenses to a private company. Four



private radio stations, two in Arabic and two in English, and one privately-owned TV station have since begun operations and airing commercials. It is also possible to advertise on the Internet - including Oman's growing blogosphere - and via text messaging on cellular networks (Oman Mobile and Nawras are the two major mobile phone service providers).

Oman regularly hosts tradeshows (expos) which provide good opportunities to meet importers and distributors. Several expos are offered annually. Small and medium-sized businesses looking to enter the Omani market are particularly encouraged by expo organizers. Recent expos include: Interiors and Buildex, MedHealth and Wellness, WomenExpo, Food and Hotel Oman, Oil and Gas West Asia, MedCon, InfraOman, COMEX, and TransOman. U.S. exporters should also look to international shows as an opportunity to meet Omani importers. For example, although the Sultanate is making great strides in developing its own food production industry, food imports continue to rise to meet the demands of an ever-growing population. Many importers visit international food shows such as SIAL (Salon International de L'Alimentation, in France) and ANUGA (major set of food trade shows in Germany), as well as U.S. food shows such as the FMI (Food Marketing Institute). Exhibiting in such shows has proven to be a sound strategy for many U.S. companies to market to Oman.

#### **Direct Investment/Joint Ventures/Licensing**

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The Omani government welcomes foreign capital and provides incentives to investors, particularly in the tourism, health care, higher education, fisheries, and light industry sectors. Oman seeks foreign investment for the technical expertise it brings and the training it provides to Omanis. Under the U.S. – Oman Free Trade Agreement, U.S. investors qualify for national treatment in Oman.

The U.S. government acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60 percent of U.S. exports are sold by American firms with operations abroad. Recognizing the benefits that U.S. outward investment brings to the American economy, the U.S. government undertakes initiatives that support U.S. investors, such as Overseas Private Investment Corporation (OPIC) programs and other business facilitation programs.

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Government procurement contracts are subject to the requirements of the FTA. The FTA, however, does not govern military procurement and other procurements deemed to be a matter of Oman's national security. Although the FTA removed the requirement that a U.S. company obtain an Omani sponsor or partner, given the need for local follow-up and

knowledge of the market, companies choosing not to open a local office are especially encouraged to consider obtaining a local partner.

All major civilian projects and acquisitions for the government are channeled through an independent Tender Board comprised of senior government officials and staffed by a limited number (around 40) of professional technocrats. The Tender Board usually relies upon the recommendation of a consultant and the procuring ministry in awarding contracts. Petroleum Development Oman (PDO) runs its own tender board, as do the Royal Oman Police, the Diwan of Royal Court, Oman Telecommunications Company, and the Ministry of Defense. The tendering process for these agencies is opaque.

Public tendering is required for all purchases above 10,000 RO (\$26,000) by ministries, government agencies, and public corporations. Ministries can award contracts through their internal tender boards for projects up to 250,000 RO (\$650,000). Projects exceeding this amount must be referred to the Tender Board, which determines the terms of bidding, invitations for bids, and selection of firms for awards. A temporary deposit in the form of a bank guarantee for two percent of the value of the tender is required to bid.

Contracts are generally, but not necessarily, awarded to the lowest bidder. After notification of an award, final negotiations concerning clarifications and adjustments take place before the contract is executed. Sixty days usually pass from selection through award notification to signing of the contract.

Companies bidding for a government procurement contract should expect frequent delays in the evaluation of bids and awarding of tenders for major projects. The Tender Board has improved its efforts to publicize bids to international companies, particularly through the development of a website ([www.tenderboard.gov.om](http://www.tenderboard.gov.om)), where it announces its tender openings and decisions. In addition, tender announcements are published in the widely-circulated Middle East Economic Digest, in the Official Gazette, and in local newspapers. Tender opportunities are published in English and in Arabic. Procedures for appeal are specified in the Tender Law and regulations and the FTA.

The members of the Tender Board include the following: Chairman of the Tender Board Dr. Rashid al Huraibi; The Vice Chairperson position is currently vacant; the Ministers of Civil Service (Sheikh Khalid al Marhoon), Manpower (Sheikh Abdulla al Bakri), and Housing (Sheikh Saif al Shabibi); as well as the Secretary General of the Supreme Committee for Town Planning (Engineer Munir al Musawi), Undersecretary of Commerce (Engineer Ahmed bin Hassan Al Dheeb), and Secretary General of the Tender Board (Prince Mohammed bin Hilal Al Busaidi).

## **Ports, Shipping and Distribution Channels**

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Most goods enter through Port Sultan Qaboos in Muscat, Oman's import/export hub. A well-developed road infrastructure links almost all points in the country. In addition, goods may enter Oman overland after arriving at ports in the UAE. Numerous transport

and retail companies serve the domestic market. There are few logistics companies, leaving room for possible U.S. investment in the sector.

The Port of Salalah, located some 1,000 kilometers southwest from Muscat in southern Oman, has established itself as a leading container transshipment center on the Indian Ocean Rim since its November 1998 opening; it also handles import/export shipments on a limited basis. Maersk is the principal customer of the port and a majority shareholder in the Port of Salalah Company. The Port of Salalah is the only port between Europe and Singapore that can accommodate S-class container vessels. The Port of Salalah is expected to add a new general cargo terminal and a liquid jetty which will increase the capacity of the port to forty million tons of dry-bulk commodities and five million tons of liquid products each year. The adjacent free trade zone has the potential to make Salalah a major air-sea cargo hub and a center for industrial development. The government has offered a number of incentives, including: reduced or deferred corporate taxes; extended period for re-exports; availability of hard currency and financing; favorable rental charges; reduced local content requirements; and lower customs duties and Omanization requirements, to attract business to the zone.

The Port of Sohar is Oman's third largest port. Sohar is located just outside the Strait of Hormuz and is proximate to the busy shipping lanes of the Gulf of Oman. By entering the Gulf through Sohar, companies avoid the high insurance premiums normally levied on vessels that ply into the Upper Arabian Gulf. The Port of Sohar has deepwater draughts, and modern container, cargo, and liquid terminals, and is linked to other locations, both in Oman and in the UAE, through a world-class road infrastructure. The Port of Sohar is undergoing expansion work, including a major deepwater jetty and a dry bulk terminal. The deepwater jetty is primarily constructed to support the bulk shipping needs of the Brazilian mining conglomerate Vale Oman, which has a hub in the Sohar industrial area next to the port. The dry bulk terminal will be dedicated to handling of aggregates, minerals, and related dry bulk commodities. The Sohar Freezone is located adjacent to the Port and features investment incentives which include: a ten-year corporate tax holiday; no minimum capital requirements; a relaxation on the quotas of Omanis a company must employ; and a one stop shop for business registration and permits.

The government is currently constructing a large commercial port at Duqm which is expected to begin coming online by the end of 2012. The port of Duqm will have a dry dock, a shipping repair yard, and fish processing services. Duqm will also feature deep water draughts and a free trade area.

## **Selling Factors/Techniques**

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- GCC labeling standards require that labels be printed in Arabic and English, although some items are sold in the market without proper Arabic labels.

- For packaged food products, the dates of manufacture and expiration must be printed on the label or elsewhere on the container. Production and expiration dates affixed with stick-on tape are not accepted. Many U.S. firms consider Omani/GCC shelf-life limits more restrictive than scientifically necessary.
- Imported meat should be Halal, as the majority of consumers are Muslim. Major slaughterhouses in the U.S. are able to offer Halal supervision.
- The GCC common market was launched on January 1, 2008. The common market grants national treatment to all GCC firms and citizens in any other GCC country.

Potential exporters should be aware that all media imports are subject to review and possible censorship; for example, the Ministry of Heritage and Culture may reject or expunge morally or politically sensitive material from imported videos. The Ministry of Information delays or bars the entry of magazines and newspaper editions if it takes exception to a story on Oman or deems the content morally suspect. In practice, the effect of this censorship on non-pornographic materials is usually mild.

## **Electronic Commerce**

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The government is actively promoting a “digital society” and “e-government” services through the Information Technology Authority. It is expected that some of the most frequently requested government services, such as business registration and visa applications, will be conducted on-line. The government recently (2008) enacted legislation governing eCommerce.

Oman Tradanet specializes in Business-to-Business services: Oman Tradanet LLC (<http://www.otn.com.om>). Other sites specializing in e-commerce applications are Petroleum Development Oman (<http://www.pdo.co.om/>), Oman LNG (<http://www.omanlng.com/>), and Knowledge Oasis Muscat (<http://www.kom.om/>).

## **Trade Promotion and Advertising**

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Oman International Trade and Exhibition (<http://www.oite.com/>) and Omanexpo (<http://www.omanexpo.com/>) are Oman’s leading companies in organizing local and international trade shows and exhibitions. In terms of advertising trade shows, most promotion occurs in the local newspapers.

The “Direct Marketing” section of Chapter 3 provides a more comprehensive discussion of the advertising outlets in Oman.

## **Pricing**

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The pricing formula for a product in Oman involves the cost of production, which includes the raw material and labor, distribution, promotion and advertising, taxes and customs. Taxes usually are assessed on the company's profits, which do not include a value added tax (VAT). Most restaurants in Oman charge municipality and tourism taxes in their invoices. The corporate tax rate is capped at 12% and the first \$78,000 of profit is exempt from taxation. Companies also are assessed municipality and tourism taxes, and labor-related taxes upon issuance of a work visa. Tax exemptions are available to entities in the manufacturing, mining, agriculture, fisheries, tourism, , education and health care sectors. Exemptions are granted for an initial five year period from the date of commencement of business. A five year extension is available for such entities.

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After-sales service and customer support for foreign products are performed by local sales and service agents. Service response time varies depending on the type of good. For IT servicing the response time tends to be fairly quick; for items such as vehicles, the response time lags.

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Generally, Oman provides strong intellectual property rights protection. After revising its intellectual property and copyright laws to comply with its FTA obligations, Oman now offers increased IPR protection for copyrights, trademarks, geographical indications, and patents. Pursuant to the FTA, Oman will also improve enforcement and protection of undisclosed test data from unfair commercial use. FTA related revisions to IPR protection in Oman build upon the existing intellectual property rights regime, already strengthened by the passage of WTO-consistent intellectual property laws on copyrights, trademarks, industrial secrets, geographical indications and integrated circuits in 2000.

Trademark laws in Oman are Trade Related Aspects of Intellectual Property Rights (TRIPs) compliant. Trademarks must be registered and noted in the Official Gazette through the Ministry of Commerce and Industry. Local law firms can assist companies with the registration of trademarks. Oman's copyright protection law extends protection to foreign copyrighted literary, technical, or scientific works; works of the graphic and plastic arts; and sound and video recordings. In order to receive protection, a foreign-copyrighted work must be registered with the Omani government by depositing a copy of the work with the government and paying a fee. The government has enforced copyright protection for DVDs, CDs, software, clothing, and household goods, and destroyed stocks of pirated items seized from vendors, although enforcement of copyright protection for software is not consistent. The government designated the Ministry of Commerce and Industry as the primary investigative authority for intellectual property issues, whose efforts are supported by the Royal Oman Police.

Nevertheless, under-the-counter sales of unauthorized software, DVDs, clothing, accessories, and beauty products persist. The Ministry of Commerce and Industry, along with the Royal Oman Police–Customs, track and enforce IPR violations. To assist government efforts, the private sector has been active in promoting awareness and enforcement of intellectual property rights.

Oman is also a member of the World Intellectual Property Organization (WIPO) and is registered as a signatory to the Paris and Berne conventions on intellectual property protection. Oman has also signed the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty and a number of intellectual property treaties, conventions, and protocols in accordance with the U.S.-Oman Free Trade Agreement. Oman is a signatory to the International Convention for the Protection of New Varieties of Plants.

The Ministry of Commerce and Industry, the Oman Chamber of Commerce and Industry, and the Public Authority for Crafts Industry, in coordination with WIPO, has conducted a number of seminars to raise national awareness of the importance of protecting intellectual property. Oman has also worked closely with the United States Patent and Trademark Office (USPTO) in the area of intellectual property rights protection. Several Omani officials have traveled to the United States for IPR training, and the USPTO has hosted IPR enforcement seminars for government officials in 2006, 2008, and 2009. It is important to have a strategy to protect IPR. To navigate IPR issues in Oman, companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. government (USG) promotes IPR protection, it is vital that companies understand that intellectual property is primarily a private right and that the USG cannot enforce rights for private individuals in Oman. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the USG is willing to assist, there is little it can do if the rights' holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Omani and U.S.-based. These include:

- The Muscat American Business Council (MABC)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)

- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Oman Chamber of Commerce and Industry (OCCI)
- Business Software Alliance

## IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **[http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries) and to the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products). The site also allows you to register for Webinars on protecting IPR.

For a detailed discussion of intellectual property protection in Oman, please refer to the "Intellectual Property" section in Chapter 6.

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For more information on local professional services, please refer to the following website:

<http://www.buyusa.gov/oman/en/marketing.html>

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Commercial Section (U.S Embassy, Muscat)

<http://www.buyusa.gov/oman>

Oman Chamber of Commerce and Industry

<http://www.chamberoman.com>

The Omani Center for Investment Promotion and Export Development

<http://www.ociped.com>

Ministry of National Economy

<http://www.mone.gov.om>

Ministry of Commerce and Industry

[www.mocioman.gov.om/](http://www.mocioman.gov.om/)

Ministry of Information

<http://www.omanet.om>

Oman International Trade and Exhibition

<http://www.oite.com>

OMANEXPO LLC

<http://www.omanexpo.com>

USTR

<http://www.ustr.gov>

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### Oil and Gas

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Oil has been the driving force of the Omani economy since Oman began commercial production in 1967. The oil industry supports Oman's modern and expansive infrastructure, including electrical utilities, roads, public education, and medical services. In addition to modest oil reserves, Oman has substantial natural gas reserves, which are expected to play a leading role in fueling the Sultanate's industrial growth in coming years.

Oman's proven recoverable oil reserves are estimated at 5.5 billion barrels, though the Ministry of Oil and Gas assesses that there are potentially 38 billion barrels of recoverable oil. According to Ministry of National Economy's statistical data, oil production increased by 6.4 percent in 2010, increasing from 296.6 million barrels in 2009 to 315.6 million barrels in 2010. Daily average production increased from 812.5 thousand barrels in 2009 to 864.6 thousand barrels in 2010. Average oil prices also increased by 35.2 percent, i.e., from \$56.67 in 2009 to \$76.64 in 2010. Total oil exports also achieved a strong positive growth of 10.6 percent, reaching 268.7 million barrels in 2010 compared to 242.9 million barrels in 2009. China accounted for nearly 41 percent of the total oil exports, followed by Japan and India accounting for 14 percent each. Oman has invested heavily in enhanced oil recovery (EOR) techniques to increase its oil production and aims to achieve a daily output of one million barrels by 2015.

Liquefied natural gas (LNG) will account for an estimated 13% of government revenues in 2011. Oman's total gas production increased by around 6 percent in the first quarter of 2011; in 2011 Oman's first quarter output was 8.3 million cubic meters compared to 7.86 million cubic meters in 2010. Oman has over 849.5 billion cubic meters of proven natural gas reserves, and in late 2009 the Ministry of Oil and Gas announced significant finds of tight sour gas in the northeastern part of the country. The new finds will likely not come on-line until 2015 as Oman does not currently have the technology in place for their extraction. British Petroleum, which owns the concession to the field, estimates that it will cost around \$15 billion to develop. A significant amount of LNG is committed to long-term export contracts.

### **Best Products/Services**

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Drills and drilling services, oil-extracting equipment, sand removal devices for crude oil, burners in mobile tanks, pipeline heating for heavy crude, water treatment systems, steam injection and other enhanced oil recovery technologies.

### **Opportunities**

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The government forecasts that the net oil revenue in the current five-year economic plan (2011-2015) will be \$66.3 billion, a 100 percent increase over the previous five-year plan. The new plan estimates that \$8.1 billion will be invested by the government in oil production during the five year period, primarily in enhanced oil recovery techniques on behalf of majority state-owned Petroleum Development Oman (PDO). Further, PDO exploration will result in production increases in smaller fields, rather than larger ones. The company will focus on using skilled foreign operators to obtain better production from mature fields.

Complementing PDO's production is U.S.-owned Occidental Petroleum, which operates the Mukhainza field. In 2010 Mukhaizna produced an average of 150,000 bpd. Much of Occidental's success can be traced to its incorporation of new EORs, using Mukhaizna as a testing ground.

The government of Oman is also heavily investing in liquefied natural gas. Under the eighth five-year plan, the Sultanate will invest \$8.7 billion on gas production. The funding allows for the purchase of compressors, construction of gas pumping stations, laying networks for gas distribution and replacing gas lines. A significant increase in the demand for gas has also led to an increase in the demand for pipelines and associated pressure-limiting and valve stations of the Gas Transportation System (GTS).

Several multi-billion dollar projects are in the works in Oman, and the petroleum sector continues to provide some of the best prospects for U.S. goods and services. A significant portion of the country's oil infrastructure is aging, which provides a market for pipelines, wellheads, pumps, and related equipment. Additionally, Oman has a number of older fields and fields with complex geology. As a result, Oman needs

advanced technology for secondary and tertiary recovery, as well as 3-D seismic analysis to facilitate exploration efforts. Finally, there is interest in computer systems that can monitor remote wells and cut labor costs. The Omani environmental protection authorities are seeking advanced equipment to monitor and control on-shore leaks.

## Resources

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Ministry of Oil and Gas

<http://www.mog.gov.om/>

Ministry of Commerce and Industry

<http://www.mocioman.gov.om/>

Petroleum Development Oman

<http://www.pdo.co.om/>

Oman LNG

<http://www.omanlng.com>

Occidental of Oman

<http://www.oxy.com>

## Transportation

### Overview

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A sizeable market exists in Oman for meeting the Sultanate's transportation needs. In addition to passenger vehicles, Oman is importing construction, airport, and port equipment. Highlighting its infrastructure investment initiatives are the government's plans to build a railway and construct an additional runway and new terminal complex at Muscat International Airport. The construction of an industrial and transshipment port in Duqm is proceeding, and the Ports of Salalah and Sohar are expanding. Road construction is another major focus of domestic and regional development.

### Best Prospects/Services

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Construction equipment, buses, aircraft, X-ray security screening equipment, port equipment (cranes, rubber tire gantries), logistics software as well as engineering, project management, and consultancy services.

### Opportunities

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The Port of Sohar, a 50-50 joint venture between the Sultanate and the Port of Rotterdam, anchors the \$14 billion industrial development planned for the region, which lies two hours north of Muscat. The port and the industrial and free zones are expected to employ 8,000 people and create a further 30,000 indirect jobs. The Port of Salalah is also expanding, with plans to add three additional berths to the existing six in operation, including a jetty dredged to a depth of 18 meters. Further, the government is investing in the commercial port in Duqm, which will focus initially on ship repair and refitting. In 2010 the Port of Antwerp was awarded the port operator contract for Duqm.

Rail is also coming to Oman as part of the broader GCC railway. The Oman portion will be built in four segments, the first segment running from Muscat to Sohar. In Spring of 2010, Oman released for pre-qualification the project management and engineering and design portions of the first line.

## Resources

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Ministry of Transport and Communications

<http://www.motc.gov.om/en/>

Port of Salalah

<http://www.salalahport.com>

Sohar Industrial Port Company

<http://www.portofsohar.com>

Directorate General of Civil Aviation and Meteorology (DGCAM)

<http://www.met.gov.om>

Port Services Corporation

<http://www.pscoman.com/>

## Water and Environmental Technology

### Overview

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Development and rapid population growth have impacted Oman's water resources significantly, and there is substantial demand for water conservation technology and desalination projects. The salinity of groundwater is a growing problem in coastal agricultural areas, with water tables falling throughout the country. The government continues to encourage privatization of the sector. The Oman Power and Water Procurement Company (OPWP) is the government vehicle that ensures the availability of a safe and secure supply of water in Oman. OPWP recently issued its seven-year outlook statement, according to which the domestic demand for desalinated water is expected to surge from 163 million cubic meters (m<sup>3</sup>) as of end-2010 to 278 million m<sup>3</sup> by 2017,

entailing an increase of nearly seventy per cent over the next seven years. Oman also plans to greatly expand its emergency water reservoirs.

### **Best Prospects/Services**

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Water recycling and wastewater equipment, tsunami early warning systems, desalination equipment, weather monitors, advanced irrigation equipment, water quality monitoring systems.

### **Opportunities**

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Companies that can provide equipment for small-scale irrigation should find a ready market among the large number of small farms in the country. Firms with expertise in desalination, sewage, and wastewater treatment may also find opportunities, particularly with the upcoming tenders for construction of a \$1 billion wastewater treatment system for the Muscat area. Oman's Tender Board recently announced a tender for the construction of emergency reservoirs. Contractors will build all associated structures and facilities, including access roads and tanker filling points at specified locations, and ensure connectivity with existing transmission and distribution systems. The tender is likely to be awarded before the end of 2011 and the timeframe for the construction of the reservoirs ranges from 24 to 36 months.

### **Resources**

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Ministry of Transport and Communications

<http://www.motc.gov.om/en/>

Oman Power and Water Procurement Company

<http://www.omanpwp.co.om>

Ministry of Environment and Climate Affairs

No website available.

P.O. Box 323, Area Code 113, Muscat

Sultanate of Oman

Telephone: (968) 696 464/692 552

Fax : (968) 692 553

Oman Wastewater Services Company S.A.O.G

<http://www.owsc.com.om/>

### **Medical Equipment**

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Oman has a relatively modern and expanding health care system. The government's determination to provide all its citizens with basic health care means that health-related expenditures are growing. The Ministry of Health has expressed interest in U.S. healthcare information management technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's hospitals and regional clinics. The country's healthcare infrastructure now boasts around 60 hospitals, nine of which are privately-owned, 130 health centers, and 15 health complexes. The 2011 budget allocated \$857.6 million to healthcare. The new five-year plan includes spending slated for preliminary and secondary healthcare in addition to women's health issues, infectious and non-infectious diseases, radiology, ophthalmology, mental health, and occupational health.

## Best Prospects/Services

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Pharmaceuticals, medical equipment and supplies, X-ray and MRI apparatus, ultrasound devices, surgical equipment, management information systems, distance medicine.

## Opportunities

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The Omani market offers solid prospects for U.S. health care products. Oman is focused on upgrading its facilities and diagnostic capabilities. Projects that will be implemented during the new five-year plan include: a new referral hospital in Muscat, at the cost of \$358 million; a hospital in Salalah, at the cost of \$122 million; and new hospitals worth \$142 million in Suwaiq, Mahout, Sinaw, Dhalkut, and Al Muziunah.

## Resources

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Ministry of Health

<http://www.moh.gov.om/>

Oman Medical College

<http://www.omc.edu.om/>

Muscat Private Hospital

<http://muscatprivatehospital.com/>

## Electrical and Mechanical Equipment

### Overview

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Electrical machinery and mechanical equipment continues to be a leading sector for U.S. exports to Oman. Given the large number of industrial, mining, and

infrastructure projects underway, the demand for such equipment and modern instrumentation is projected to increase in the coming years.

### **Best Products/Services**

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Appliances, elevators, cranes and bulldozers, building and construction equipment, shipment handling and transportation, electrical switchgear, dredging equipment.

### **Opportunities**

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With a number of new electrical and mechanical projects either in operation or under construction, including a number of Sohar, Sur and Duqm-based projects such as an independent power facility, a new oil refinery, several fertilizer and methanol plants, a polypropylene plant, an aluminum rolling mill, an iron and steel factory, and a petrochemical complex, this sector is expected to continue its robust growth.

### **Resources**

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Oman Power and Water Procurement Company  
<http://www.omanpwp.co.om>

Omani Tender Board  
<http://www.tenderboard.gov.om/Eng/default.asp>

Oman Oil Company  
<http://www.oman-oil.com/>

## **Power**

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In 1996, Oman became the first Arab country to turn exclusively to the private sector to build, own and operate (BOO) a major power project with the 90 MW plant in Manah. The Manah project has been a successful and profitable operation, and the plant was expanded to 270 MW in early 2000. The success of the Manah project led to several other BOO power projects.

Recent developments include the tendering for five new Independent Water and Power Projects (IWPPs) to nearly double Oman's power generation capacity, which is currently around 4500 MW. Privately financed projects planned for Barka/Sohar, Sur, Ghubrah, Salalah, and Duqm are set to be operational by 2015. Oman is also exploring the use of

renewable energy, i.e., solar and wind energy, as a means of meeting demand, although this effort is still in the development stage.

## **Best Products/Services**

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Power transformation and networking, power generation equipment, gas-fired turbines, dispatch and transmission equipment, related software, and control systems.

## **Opportunities**

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Companies specializing in power plant construction, power generation equipment, and power plant operations and processes should find opportunities in Oman. With its growing population and need for expanded power generation, Oman has made privatization of future power projects a priority. The government forecasts significant demand increases for power and water in coming years.

Renewable power production is another area of growth in Oman's power sector. The Oman Power and Water Procurement Company (OPWPC), based on recommendations made by the Authority for Electricity Regulation, awarded contracts for eight pilot solar and wind renewable power projects in 2010. The Sultanate is also considering constructing a 200 MW solar power plant.

## **Resources**

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Oman Power and Water Procurement Company  
<http://www.omanpwp.co.om>

Dhofar Power Company  
<http://www.dpcoman.com/>

AES Barka (AES Corporation)  
<http://www.aes.com/aes/index?page=home>

## **Franchises**

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A number of U.S. franchises are well established in Oman, particularly in the fast-food restaurant sector (McDonalds, KFC, Pizza Hut, Hardees, Subway, Papa John's, Chili's, Starbucks, Dunkin Donuts, Baskin Robbins, Dairy Queen, and Cold Stone Creamery). U.S. car rental franchises (Hertz, Budget, Avis, Thrifty, Pay-Less) are also popular. Omani businesses continue to express interest in U.S. franchise opportunities.



## **Best Products/Services**

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Toys and games, food and restaurants, car products and services.

## **Opportunities**

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A young and growing population with significant amounts of disposable income has created a powerful consumer market in Muscat and other urban areas of Oman.

## **Resources**

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Ministry of Commerce and Industry  
<http://www.MoCIoman.gov.om/>

Muscat Municipality  
[www.mm.gov.om](http://www.mm.gov.om)

Oman Chamber of Commerce and Industry  
<http://www.chamberoman.com/>

## **Telecommunications**

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Oman's telecommunications infrastructure and service is rapidly improving. Recent privatization of the telecommunications sector has allowed for an increase in the number of fixed lines and internet penetration. The young and growing population is continually increasing the demand for modern telecommunications and broadcasting systems.

Prior to 1999, telecommunications services in Oman were controlled by the government-owned General Telecommunications Organization (GTO). In 1999 GTO was replaced by OmanTel, a closed stock company which started going public in 2005. At the same time, Oman's telecommunications sector slowly began opening up to competition. In 2004, the Sultanate announced that Nawras Telecom (a consortium of Qatar's Q-Tel, Denmark's TDC, and local investors) had won the second GSM license to provide cellular service in Oman. Nawras' subsequent introduction of service marked the first crack in the state telecoms monopoly. By 2010, the total number of mobile phones in Oman exceeded 4.5 million. The explosion in cellular penetration may be due to the entry of five additional mobile virtual network operators, Friendi, Renna, Samatel, Mazoon, and Injaz Mobile to the market from 2008 to 2011. Likewise, internet penetration has significantly increased. Broadband was introduced in 2006, and subscribers to the service have dramatically increased on an annual basis. Approximately 41% of people in Oman are internet users. OmanTel and Nawras are the two broadband providers in Oman. In 2010, Nawras

announced that it is the exclusive landing party for Tata's submarine cable, which is expected to dramatically increase Oman's internet bandwidth.

## **Best Products/Services**

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Fixed telephone and cellular (GSM) equipment, network solutions and software, fiber optic cabling, and wireless networking.

## **Opportunities**

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Telephone and internet service is available in all but the smallest villages. Based on the expanded market, there are opportunities in support services and software.

## **Resources**

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Ministry of Transport and Communications

<http://www.motc.gov.om/en/>

Omantel

<http://www.omantel.net.om/>

Nawras Telecom

<http://www.nawras.com.om/>

Telecommunications Regulatory Authority

<http://www.tra.gov.om/>

FRiENDi Mobile

[www.friendimobile.om](http://www.friendimobile.om)

## **Mining**

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Mining is perhaps the most unexplored sector of Oman's natural resources. The Ministry of Commerce and Industry seeks to promote the exploration and development of mineral resources in Oman. It is believed that the Sultanate possesses extensive ophiolites, which have the potential to host copper, nickel, chromite, iron ore, gold and silver deposits. Oman has been geographically mapped, and there are laboratory facilities equipped to handle a wide variety of mineral exploration as well as geophysical surveying and aerial photography. The Directorate General of Minerals, within the Ministry of Commerce and Industry, is responsible for mineral exploration.

**Best Products/Services**[Return to top](#)

Machinery and technology for mineral extraction and processing, project management.

**Opportunities**[Return to top](#)

Oman's chromite reserves are estimated to exceed 2 million tons. The Oman Chromite Company has mined these reserves since 1997. Oman has begun mining limestone and copper, although the country's potential reserves have not been explored. Additionally, Oman has coal, gypsum, manganese, quartzite, and silica sands, although these deposits have not been mined. The decision to double the capacity of Sohar Aluminum Company, SAOC to a world-scale 720,000 tons per annum is expected by the end of 2011.

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Ministry of Commerce and Industry

<http://www.MoCIoman.gov.om/>

**Leading Non-Agricultural Imports****Vehicles**[Return to top](#)

	2008	2009	2010
Total Exports	12	10	2
Total Imports	6093	4434	5056
Imports from the U.S.	180	497	264

All figures are in millions of USD. Source: Royal Oman Police

**Metals**[Return to top](#)

	2008	2009	2010
Total Exports	428	918	874
Total Imports	3647	2120	2290
Imports from the U.S.	31	42	63

All figures are in millions of USD. Source: Royal Oman Police

**Machinery and Electrical Equipment**[Return to top](#)

	2008	2009	2010
Total Exports	605	340	291
Total Imports	5386	3990	4088
Imports from the U.S.	376	369	341

All figures are in millions of USD. Source: Royal Oman Police

### Chemicals

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	2008	2009	2010
Total Exports	799	779	1843
Total Imports	997	1276	1554
Imports from the U.S.	47	55	135

All figures are in millions of USD. Source: Royal Oman Police

### Instruments

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	2008	2009	2010
Total Exports	0	0	1
Total Imports	319	231	272
Imports from the U.S.	42	26	58

All figures are in millions of USD. Source: Royal Oman Police

### Agricultural Sectors

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The United States Department of Agriculture (USDA) and the Regional Agricultural Trade Office in Dubai report on agricultural issues and statistics for member countries of the Gulf Cooperation Council except for the Kingdom of Saudi Arabia. Agricultural research reports and statistics can be found on the U.S. Department of Agriculture (FAS) web sites as follows: (statistics) [http://www.fas.usda.gov/scriptsw/bico/bico\\_frm.asp](http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp) and (market research) [http://www.fas.usda.gov/scriptsw/attacherep/attache\\_lout.asp](http://www.fas.usda.gov/scriptsw/attacherep/attache_lout.asp).

For additional information please contact the Foreign Agricultural Service in Dubai at [atodubai@fas.usda.gov](mailto:atodubai@fas.usda.gov).

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Foreign, non-American/GCC goods are imported according to Oman's tariff schedule, which imposes modest duties generally not exceeding ten percent. With the entry into force of the U.S.-Oman Free Trade Agreement in January 2009, bilateral trade in industrial and consumer products, with the exception of certain textile and apparel products, is now duty free. Oman provided duty free access on virtually all products in its tariff schedule and will phase out tariffs on the remaining handful of products within seven years. On agricultural products, Oman provides duty free access for U.S. agricultural products in 87 percent of agricultural tariff lines. Oman will phase out tariffs on the remaining products within seven years. More information on the FTA can be accessed at <http://www.omanusfta.com>.

Despite the entry into force of the FTA, difficulties remain for duty-free access of selected goods. The Royal Oman Police–Customs occasionally collects customs duties on some items that are transshipped to Oman via the United Arab Emirates and there have been reports that goods that are not individually labeled “Made in the USA” do not receive the preferential treatment they are accorded in the FTA. These matters are currently being addressed bilaterally.

### Trade Barriers

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Companies looking to import goods to Oman must register with the Ministry of Commerce and Industry. A special license must be obtained for the importation of certain

classes of goods, such as alcohol, livestock, poultry, firearms, narcotics, and explosives. The licensing of business activities can be complicated and can significantly add to the time it takes to get goods to or out of market.

Media imports are subject to censorship by the Ministry of Heritage and Culture for morally or politically sensitive material. The Ministry of Information delays or bars publications if their content is deemed morally suspect or politically sensitive.

## **Import Requirements and Documentation**

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As per the FTA, Oman no longer requires U.S. companies to present authenticated legal documents, although in practice some government officials still ask for such documentation.

In order to accelerate the flow of goods and promote its ports and airports, Oman has been simplifying customs clearance documentation. Oman has implemented the Customs Valuation Agreement and is working to further enhance its customs valuation systems.

## **U.S. Export Controls**

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The U.S. Government has established export controls to limit proliferation of certain items, services or technologies of defense or dual-use nature. There are several regulatory bodies responsible for ensuring that compliance issues are met. The following list includes most of these bodies, a number of which maintain websites with further information.

- [Department of State, Directorate of Defense Trade Controls \(DTC\)](#)
- [Department of the Treasury, Office of Foreign Assets Control \(OFAC\)](#)
- [Nuclear Regulatory Commission, Office of International Programs](#)
- Department of Energy, Office of Arms Controls and Nonproliferation, Export Control Division
- [Department of Energy, Office of Fuels Programs](#)
- [Defense Threat Reduction Agency - Technology Security](#)
- Department of the Interior, Division of Management Authority
- [Drug Enforcement Administration, International Drug Unit](#)
- [Drug Enforcement Administration, International Chemical Control Unit](#)

- [Food and Drug Administration, Office of Compliance](#)
- [Food and Drug Administration, Import/Export](#)
- [Patent and Trademark Office, Licensing and Review](#)
- [Environmental Protection Agency, Office of Solid Waste, International and Special Projects Branch](#)

## **Temporary Entry**

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Oman has no general provisions for the temporary entry of goods. In the case of auto re-exports, a company or individual may have the duties refunded if the vehicles are re-exported within six months.

## **Labeling and Marking Requirements**

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Labeling: Common GCC labeling standards of imported goods is a key issue facing U.S. exporters. Food labels must include product and brand names, production and expiry dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of ingredients in descending order of importance. All fats and oils (including gelatins) used as ingredients must be specifically identified on the label. Labels must be in Arabic only or Arabic/English. Arabic stickers are accepted and are commonly used by U.S. exporters to Oman.

Oman enforces GCC Shelf Standards GS 150/1993, Parts I, which affects 44 food products. The manufacturer-established shelf life is accepted for other food products. The manufacturer must print production and expiry dates on the original label or container; dates cannot be added to the package via a sticker. Many U.S. firms consider Omani shelf-life limits more restrictive than scientifically necessary. The U.S. supplier should work closely with the importer to ensure compliance with local shelf-life requirements.

Marking: Oman also requires that for U.S. made goods to qualify for duty-free treatment under the FTA, each good and packaging must be marked “Made in USA.” The United States Trade Representative’s Office and Royal Oman Police–Customs are addressing this issue through bilateral discussions.

## **Prohibited and Restricted Imports**

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Certain classes of goods require a special license (e.g., alcohol, firearms, pharmaceuticals, and explosives). All media imports are subject to censorship. The Ministry of Heritage and Culture may reject or expunge morally or politically sensitive material from imported videos. The Ministry of Information delays or bars the entry of

magazines and newspaper editions if it takes exception to a story on Oman or deems the content morally suspect. In practice, the effect of this censorship on non-pornographic materials is usually mild. Imports of pork products and alcoholic beverages are restricted.

## **Customs Contact Information**

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For more information, contact the Omani Directorate General of Customs, Royal Oman Police at:

Telephone: + (968) 24 521-109/24 521-108

Fax: + (968) 24 510-488

Or visit the Royal Oman Police website: [www.rop.gov.om](http://www.rop.gov.om)

## **Standards**

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## **Overview**

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As part of the GCC Customs Union, Oman is working toward unifying its standards and conformity assessment systems with those of the GCC, through the Gulf Standards Organization (GSO). Most Omani standards are either GSO standards or those derived from another international standards organization. Oman is party to the Technical Barriers to Trade Agreement and is a member of the WTO. Further, the U.S.-Oman FTA contains a chapter addressing standards as barriers to trade and facilitates bilateral engagement on standards issues.

It should be noted that in general Oman enforces the GSO standards above its other obligations and that not all GCC standards are consistent with the obligations of the World Trade Organization's (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). In addition, as WTO Members, all six GCC Member States are required to notify proposed SPS and technical barriers to trade measures to the WTO SPS and TBT Committees and allow other WTO Members an opportunity to provide comments. GCC Member States do not consistently meet this requirement.



In May 2007, Bahrain notified the WTO of proposed procedures meant to harmonize food safety import requirements among Gulf Cooperation Council (GCC) Member States. The United States and other WTO Members provided comments outlining significant concerns with the procedures, which did not appear to have a strong scientific basis and would substantially disrupt food exports to GCC Member States. The GCC Member States have indicated that they have modified key provisions of the draft import procedures in light of trading partner comments and are continuing to work on a revised set of procedures. The United States has established a dialogue with technical experts in the GCC Member States and continues to monitor the situation and suggest alternate procedures that are consistent with international guidelines

In October 2009, officials from the United States, the six GCC Member States and the GSO held a workshop in Dubai, United Arab Emirates, to address a variety of standards-related matters. This workshop was co-hosted by the U.S. Department of Commerce's Commercial Law Development Program (CLDP) and the Emirati Standards and Metrology Authority (ESMA) and provided a forum for U.S., GCC Member State and GSO authorities to exchange information and hold technical discussions with a view to better understanding each other's respective regulatory and standards systems and to explore ways to further cooperation between United States and the GCC regarding their respective standards and regulatory systems. U.S. speakers included officials from USTR, the U.S. Department of Commerce, OMB's Office of Information and Regulatory Affairs, and the Consumer Product Safety Commission, and featured presentations on the TBT Agreement, the importance of transparency in facilitating trade, and comparative approaches to product safety, especially with respect to toys. The event was also attended by regional representatives of U.S.-based exporters and conformity assessment bodies, who were able to ask questions and express their views to officials from the United States, as well as by the GSO and the GCC Member States.

In November 2009, the GSO hosted a conference on standards and conformance to continue technical discussions and exchange additional information on the U.S. and GCC standards systems. Along with representatives from GSO, representatives from NIST, ANSI, and several U.S.-domiciled standards developers participated in the conference.

After the conclusion of this workshop, the Secretary General of the GSO and the Assistant USTR for Europe and the Middle East agreed to continue to increase the two sides' engagement on standards-related issues, and officials from the United States and the GSO, with input from the Member States, are currently working on an action plan to deepen bilateral engagement over the coming years.

## **Standards Organizations**

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The Omani body concerned with establishment and overview of standards is the Directorate General of Specifications and Measurements of the Ministry of Commerce and Industry, which can be reached at the following address:

Directorate General for Specifications and Measurements, MOCI  
P.O.Box. 550 Muscat  
Sultanate of Oman  
Phone: (+ 968) 24 813-418  
Fax : (+ 968) 24 815-992  
E-mail : [dgsm123@omantel.net.om](mailto:dgsm123@omantel.net.om)

The GSO may be reached at the following address:

GCC Gulf Standardization Organization  
P.O. Box 85245  
Riyadh 11961  
Phone: (+ 966) 1 - 2746655  
E-mail: [gso@gso.org.sa](mailto:gso@gso.org.sa)

### **Conformity Assessment**

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A manufacturer declaration is required to assure conformity to Omani/GCC standards. In cases of nonconformity to current standards or the need for consideration of other internationally recognized standards, a letter should be addressed to the Directorate General of Specifications and Measurements at the Ministry of Commerce and Industry with authenticated results of laboratory testing.

The GSO is currently developing a conformity assessment scheme that could be adopted by each of the six GCC Member States. (Committee representatives have informed U.S. officials that the GCC intends for the scheme to be implemented in successive stages, beginning with toys in 2010.) The United States is working to establish a dialogue between U.S. and GCC technical experts to discuss the proposed GCC-wide conformity assessment scheme, with the goal of helping to ensure that it is developed, adopted, and applied in accordance with WTO rules and that it is fully transparent.

### **Product Certification**

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A product certificate is required to assure the product's conformity to international or Omani/GCC standards.

### **Accreditation**

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Any laboratory testing certificates relating to conformity to Omani or international standards should be submitted to the Directorate General of Specifications and Measurements, which is responsible for accrediting laboratories and classifying and assessing the results obtained.

## **Publication of Technical Regulations**

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The Directorate General of Specifications and Measurements supplies upon request a CD-ROM containing a listing of all standards and specifications adopted by the GSO, along with related information.

## **Trade Agreements**

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Upon entry into force of the FTA, Oman provided immediate duty-free access on virtually all industrial and consumer products in its tariff schedule, and will phase out tariffs on the remaining handful of products within the next seven years. On agricultural products, Oman provided immediate duty-free access for U.S. agricultural products in 87 percent of agricultural tariff lines. The United States provided immediate duty-free access for 100% of Oman's current exports of agricultural products to the United States. Oman is also a member of the Gulf Cooperation Council, which allows for duty-free trade between its members and with other countries with which it has a free trade agreement. The GCC has entered into Free Trade Agreements with Singapore (2009) and the EFTA (Iceland, Liechtenstein, Norway, and Switzerland) countries (2010).

## **Resources**

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Royal Oman Police

<http://www.rop.gov.om>

Ministry of National Economy

<http://www.mone.gov.om>

Ministry of Commerce and Industry

<http://www.MoCIoman.gov.om>

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## Chapter 6: Investment Climate

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### Overview of Foreign Investment Climate

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Oman actively seeks foreign investment and is in the process of improving the framework to encourage such investments. Oman promotes higher education, manufacturing, healthcare, and tourism as areas for investment. Investors transferring technology, developing management expertise, and providing training for Omanis are particularly welcome. The Public Authority for Investment Promotion and Export Development (PAIPED), is tasked with attracting foreign investors and smoothing the path for business formation and private sector development. PAIPED also provides prospective foreign investors with information on government regulations, which are not always transparent and sometimes inconsistent. Although the Ministry of Commerce and Industry (MoCI) and PAIPED have established a ‘one-stop shop’ for government clearances, the approval process for establishing a business can be slow, particularly with respect to labor requirements. Further, there is a marked difference between approvals given to majority Omani companies, which tend to proceed at a quicker pace than to an American company. Some Omani business people report being able to obtain approval within three days, while American applicants tell of up to eleven-month delays.

With the implementation of the U.S.-Oman Free Trade Agreement on January 1, 2009, U.S. firms may establish and fully own a business in Oman without a local partner. U.S.-Oman FTA commitments have increased opportunities for U.S. financial service providers, as well as cross-border service providers in the areas of communications, express delivery, computer-related technologies, health care, and distribution, among others. Other (i.e., non-U.S.) majority foreign-owned entrants are barred from most professional service areas, including engineering, architecture, law, and accountancy. Although U.S. investors are provided national treatment in most sectors, Oman has an exception in the FTA for legal services, limiting U.S.-ownership in a legal services firm to no more than seventy percent.

The Foreign Capital Investment Law (Royal Decree No. 102/94) provides the legal framework for non-U.S. and non-GCC foreign investors. Oman amended this law in 2000 as part of its WTO accession and in 2009 to implement the U.S.-Oman Free Trade Agreement. For most investments the law requires that there be at least 30% Omani ownership. There are exceptions; notably wholly foreign-owned branches of foreign banks are allowed to enter the market. Investors may also obtain approval by the Ministerial Cabinet to allow a 100% foreign-owned business entity.

Aside from ensuring that the investor satisfies the legal requirements for entry into the market, Oman does not screen foreign investment. If a concern were raised regarding a particular investor's entry into the market, the MoCI would be the government body tasked with reviewing the proposed investor.

Oman has privatized some parastatals and is in the process of privatizing others, but maintains government dominance in several sectors. The most successful privatization program to-date has been the electricity and desalination privatization program. The telecommunications sector has also been increasingly privatized. In 2004 the Qatari firm Qtel and the European telecommunications company TDC partnered with several prominent Omanis to form the first privately-owned telecommunications firm in Oman, Nawras Telecommunications Company. Nawras was the first private company to obtain a license to build its own telecommunications network and provide telecommunications services. In September 2010, Narwas launched its initial public offering, which has been positively received. The recent global recession has slowed Oman's privatization process. The bidding process on state enterprises entering the private market is frustrated as potential investors are unable to obtain reliable dates for announcements of sales and responses to inquiries. The delays are generally not associated with corruption; Oman ranked 41 out of 178 in Transparency International's 2010 Corruption Perception Index.

Industrial establishments must be licensed by MoCI. In addition, a foreign firm interested in establishing a company in Oman must obtain relevant approvals from other ministries, such as the Ministry of Environment and Climate Affairs and organizations such as the Oman Chamber of Commerce and Industry. Foreign workers must obtain work permits and residency permits from the Ministry of Manpower and the Royal Oman Police - Immigration. To speed the approval process, MoCI created a "one-stop-shop"

where representatives from relevant ministries are present to receive inquiries, forms, and applications.

Oman has a flat tax of 12% for all businesses; the first \$78,000 in profits is tax exempt. Foreign airlines and shipping companies are completely exempt from taxation based upon reciprocal treatment by foreign governments. Higher education institutes, private sector schools, training institutes, and private hospitals are also tax exempt.

Commercial law in Oman is continually evolving. Although the judicial process is slow, business contracts are generally enforced. According to the 2011 World Bank Ease of Doing Business Report, it takes an average of 598 days to enforce a business contract. Oman is ranked 57 in the World Bank's Ease of Doing Business Report 2011. Insolvency laws are nascent, at this time allowing only for complete dissolution rather than restructuring. Many businesses opt to simply shut their doors rather than go through the insolvency process, which can take up to four years. Oman recently adopted an eCommerce law although it has yet to be tested in the court system.

## **Conversion and Transfer Policies**

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Oman does not have restrictions or reporting requirements on private capital movements into or out of the country. The Omani Rial is pegged at a rate of 0.3849 Omani Rials (O.R.) to the U.S. dollar, and there is no difficulty in obtaining exchange. In spite of some recent currency speculation, the government has firmly and publicly stated that it is committed to maintaining the current peg. Oman continues to hold firm in opting out of the proposed GCC common currency.

The Central Bank of Oman (CBO) regulates local banks on all lending practices to individuals and corporations inside the Sultanate. The financial institutions are controlled by a strong and effective regulatory system. Individuals have to be resident in Oman or have an investor's visa to open a bank account and transfer funds. For foreign bank transfers, Omani banks require complete documentation of the source of funds before approving the transaction. In May 2011, Oman approved the introduction of Islamic banking to the Sultanate. Regulations governing the new sector will be issued by CBO within the year.

## **Expropriation and Compensation**

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Oman's interest in increased foreign investment and technology transfer make expropriation or nationalization unlikely, although there have been sporadic cases of such reported in the past several years. In the event that a property must be nationalized, Article 11 of the Basic Law of the State stipulates that the Government of Oman provide

prompt and fair compensation. Further, under the U.S.-Oman Free Trade Agreement, Oman must follow international law standards for expropriation and compensation cases, including access to international arbitration. In practice, Oman compensates for any expropriations it makes, although at times the compensation can be incrementally paid.

## **Dispute Settlement**

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Oman is a party to the International Convention for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Business disputes within Oman are resolved through the Commercial Courts. The Commercial Court has jurisdiction over most tax and labor cases, and can issue orders of enforcement of decisions. The Commercial Court can also accept cases against governmental bodies; however, the Court can only issue, but not enforce, rulings against the government. If the value of the case is less than \$26,000, the Commercial Court's decision is final. If the value exceeds \$26,000, the case is taken up by a Court of Appeal. Parties may appeal their case to the Supreme Court. Cases can only be reopened after judgment if new documents are discovered or irregularities (e.g., forgery, perjury) are found. There is no provision for the publication of decisions, and the decisions do not carry precedent. U.S. firms should note that the Commercial Court is relatively new, replacing the Authority for Settlement of Commercial Disputes, and many practical details regarding the new Court have yet to be finalized.

Oman maintains other judicial bodies to adjudicate various disputes. The Labor Welfare Board under the Ministry of Manpower hears disputes regarding severance pay, wages, benefits, etc. The Real Estate Committee hears tenant-landlord disputes, the Police Committee deals with traffic matters, and the Magistrate Court handles misdemeanors and criminal matters. All litigation and hearings are conducted in Arabic. Binding international arbitration of investment disputes between foreign investors and the Omani government is recognized. Omani courts recognize and enforce foreign arbitral awards, and international arbitration is accepted as a means to settle investment disputes between private parties.

The Oman Chamber of Commerce and Industry has an arbitration committee to which parties to a dispute may refer their case when the amounts in question are small. Local authorities, including 'walis' (district governors appointed by the central government), also handle minor disputes. Although Oman is a member of the GCC Arbitration Center, located in Bahrain, the Center is not yet firmly established and is not widely used.

## **Performance Requirements and Incentives**

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Oman is subject to trade related investment measures (TRIMs) obligations. At this time, it is not alleged that Oman maintains any measures that violate the WTO TRIM text.

Oman offers several incentives to attract foreign investors. These include:

- A five-year tax holiday, renewable once for an additional five years;
- Subsidized plant facilities and utilities at industrial estates;
- Exemption from customs duties on equipment and raw materials during the first ten years of a project, with packaging materials exempted for five years;
- The *lingua franca* is English;
- A low corporate tax rate, capped at 12%; and
- No personal income tax.

Under the Industry Organization and Encouragement Law of 1978, incentives are available to licensed industrial installations on the recommendation of the Industrial Development Committee. "Industrial installations" include not only those for the conversion of raw materials and semi-finished parts into manufactured products, but also mechanized assembly and packaging operations. Firms involved in agriculture and fishing may also be included. Foreign firms operating in Oman must meet Omanization requirements, which require businesses to employ a percentage of Omanis as determined by the Ministry of Manpower.

Omani and American-owned commercial enterprises, and foreign industrial producers in joint venture with local firms that produce goods locally need to meet standard quality specifications. Additionally, the price of goods should not exceed by 10 percent that of similar imported goods to be given priority during government purchases. The government offers subsidies to offset the cost of feasibility and other studies if the proposed project is considered sufficiently important to the national economy. Only in the most general sense of business plan objectives does proprietary information have to be provided to qualify for incentives.

Foreign investors do not need to purchase from local sources or export a certain percentage of output. Foreign investors have access to local and foreign exchange for export finance. Offsets on civilian government procurements are rare, and are generally limited to procurements by the Ministry of Defense, Royal Oman Police, or Royal Office.. U.S. and foreign firms are able to participate in government financed/subsidized research programs on a national treatment basis, and are at times solicited.



Oman's commercial companies law requires that all actions by private entities to establish, acquire, and dispose of interests in business enterprises be announced in the commercial register, and are subject to the approval of MoCI. Foreign and domestic firms can engage in most commercial activities after obtaining a business license from the MoCI.

## **Protection of Property Rights**

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Securitized interests in property, both moveable and real, are recognized and enforced in Oman. Foreign nationals are able to obtain mortgages on land in designated Integrated Tourism Complexes. Individuals record their interest in property with the Land Registry at the Ministry of Housing. The legal system, in general, facilitates the acquisition and disposition of property rights.

Oman is a member of the World Intellectual Property Organization (WIPO) and is registered as a signatory to the Paris and Berne conventions on intellectual property protection. Oman has also signed the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. Oman is also a signatory to the International Convention for the Protection of New Varieties of Plants. Trademark laws in Oman are Trade Related aspects of Intellectual Property Rights (TRIPs) compliant. MoCI MoCI

## **Transparency of Regulatory System**

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The government of Oman recognizes that its regulatory environment may hamper investment and commercial activity. Because decisions often require the approval of multiple ministries, the government decision-making process can be tedious and may be perceived as non-transparent. Obtaining licenses for some business activities, particularly labor certifications, can be time consuming and complicated for foreign companies, as the various ministries from which licensure is required do not widely disseminate their policies and regulations. .

Oman's labor laws, which require minimum quotas of Omani employees depending on the type of work, form another potential impediment to foreign investment. The government's Omanization effort has been the subject of criticism in the Omani private sector, which sees it as harmful to productivity and restrictive in hiring and firing policies. U.S. companies are not exempt from Omanization requirements under the FTA. Omanization requirements increased after Oman's Arab Spring in February, March, and April of 2011, as have a company's obligation to provide higher wages and more training programs for their employees.

The government occasionally publishes proposed laws and regulations for public comment, particularly laws that may affect the private sector. In addition, there has been a recent move towards greater transparency in telecommunications, securities, and corporate governance of publicly traded companies.. The Telecom industry is regulated by the Telecommunications Regulatory Authority (TRA). The TRA oversees the process of liberalization and privatization of the telecommunications sector. In order to meet Oman's FTA commitments, the TRA has issued new procedures for businesses to qualify for Class I licenses and has submitted for public comment its proposal to issue Class II licenses.

Oman has also improved the transparency of its securities markets and publicly traded companies largely through the work of the Capital Markets Authority (CMA), the regulatory body for such areas. The CMA requires all public companies to comply with a set of standards for disclosure. Under the requirements, holding companies must publish the accounts of their subsidiaries with the parent companies' accounts. Companies must fully disclose their investment portfolios, including details of the purchase cost and current market prices for investment holdings. The new initiatives also require publication of these financial statements in the local press. At the same time, the Central Bank has introduced new rules to limit the level of "related party transactions" (financial transactions involving families or subsidiary companies belonging to major shareholders or board members) in Oman's commercial banks. The new rules will help increase transparency in financial transactions in local banks and the Muscat Securities Market (MSM), and will help clarify the activities of publicly-traded companies. The CMA has also moved to shorten the time period companies have to file their financial statements after the close of the fiscal year from three months to two, shorten the time period in which companies have to hold their annual meeting after the close of the fiscal year from four months to three, and require that an internal audit be completed for joint stock companies with capital of over five million RO (USD 13 million).

#### **Efficient Capital Markets and Portfolio Investment**

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There are no restrictions in Oman on the flow of capital and the repatriation of profits. Foreigners may invest in the Muscat Securities Market (MSM) so long as they do so through an authorized broker. Access to Oman's limited commercial credit resources is open to Omani firms with some foreign participation. At this time, there is not sufficient liquidity in the market to allow for the entry and exit of sizeable amounts of capital. Joint stock companies with capital in excess of \$5.2 million must be listed on the MSM. According to the recently amended Commercial Companies Law, companies must have been in existence for at least two years before being floated for public trading. Private, publicly traded firms in Oman are still a relatively new phenomenon (the Muscat Securities Market was founded in 1988). Publicly traded firms remain a minority of businesses, and the majority of businesses remain family enterprises. Therefore, private firms have not developed sophisticated defense mechanisms to prevent hostile takeovers.

## **Competition from State-Owned Enterprises**

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In general, private enterprises are allowed to compete with public enterprises under the same terms and conditions with access to markets, and other business operations, such as licenses and supplies. Public enterprises, however, have comparatively better access to credit. State-Owned Enterprises (SOEs) are active in a variety of fields, namely utilities, telecommunications, the national airline, and food production. Board membership of SOEs is composed of various government officials, with a senior official, usually cabinet-level, serving as chairperson.

Oman has two sovereign wealth funds; the General Reserve Fund of the Sultanate of Oman, and the Oman Investment Fund. The majority of the Funds' assets are invested abroad, although their dealings are opaque. Omani sovereign wealth funds are not required by law to publish an annual report or submit their books for an independent audit.

## **Corporate Social Responsibility**

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There is a general awareness of corporate social responsibility (CSR) among businesses in Oman. Several companies routinely host competitions in elementary and secondary schools for academic performance and artistic skill; other companies sponsor civil-society events. The larger Omani firms have CSR policies; however, most of Oman's smaller enterprises do not knowingly follow CSR principles such as the OECD Guidelines for Multinational Enterprises. Foreign companies operating in Oman, however, are generally OECD compliant.

## **Political Violence**

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Politically motivated violence is rare in Oman. Some incidents of violence were associated with demonstrations during Oman's Arab Spring in February, March, and April 2011, although most Omanis peacefully protested for higher wages and job creation. The government generally allows demonstrations to occur, although requires individuals to apply for a permit two weeks in advance..

## **Corruption**

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Ministers are not allowed to hold offices in public shareholding companies or serve as chairperson of a closely held company. However, many influential figures in government maintain private business interests and some are also involved in private-public projects. These activities either create or have the potential to create conflicts of interest.

Most major contracts are awarded through a slow and rigorous tender process governed by Oman's Tender Board. Pursuant to the U.S.-Oman FTA, Oman advertises most tenders in the local press, international periodicals, and on the Tender Board's website, although a few sensitive projects are not publicized and not subject to FTA obligations. Also, bidders are now requested to be present at the opening of bids, and interested parties may view the process on the Tender Board's website. Disputes arising from the tendering process are reviewed domestically.

Sultan Qaboos has dismissed several ministers and senior government officials for corruption during his reign. In one of Oman's biggest corruption scandals in several years, over 30 government and private sector employees, including the Under Secretary of the Ministry of Housing, Electricity, and Water, were convicted in October 2005 on counts of bribery and forgery, among others. Oman has not yet signed the UN Convention against Corruption. In 2010, Transparency International ranked Oman 41 out of 178 countries in its "Corruption Perception Index.

#### **OPIC and Other Investment Insurance Programs**

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Oman is eligible for Export-Import Bank of the United States (EXIM) financing and insurance coverage.

#### **Labor**

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Oman's 2003 Labor Law governs employee/employer relations in the private sector, and enumerates the protections afforded both Omani and expatriate workers. The law sets the minimum working age at 15, provides clear guidelines on wages and working hours for Omani citizens, and specifies the penalties for noncompliance with its provisions. In 2006, Oman made significant amendments to the 2003 Labor Law. The amendments and associated Ministerial Decisions allow for more than one union per firm, require employers to engage in collective bargaining over terms and conditions of employment, and specify guidelines for conducting strikes. The amendments also prohibit employers from firing or otherwise penalizing workers for engaging in union activity, and increase the penalties for hiring underage workers or engaging in forced labor.

The minimum wage for Omanis working in the private sector, including salary and benefits, was increased in February 2011 from 140 rials (about \$363) to 200 rials (\$520)

per month. There is no minimum wage for non-Omanis. Omani law requires at least one 24-hour rest break per week and mandates overtime pay for hours in excess of 48 per week. Work rules must be approved by the Ministry of Manpower and posted conspicuously in the work place. The labor law and subsequent regulations also detail requirements for occupational safety and access to medical treatment. Working conditions in Oman for many expatriate workers are difficult. Expatriates, mainly from Western countries, fill many managerial positions.

“Omanization,” the localization of labor, is a high priority for the government. Approximately 30,000 young Omanis enter the workforce each year. Most of these new entries look to government employment, as Omanis make up 84% of the public sector’s labor force. Only 18% of the private workforce is Omani. Omanization rates for 2010 for selected sectors are as follows:

- Information Technology
  - Senior Management 9%
  - Sales and Marketing 100%
  - Technical Support and Infrastructure 15%
  - Applications and Services Development 15%
- Consultancy Services
  - Engineers 25%
  - Draftsman 70%
  - Material Supervision 45%
  - Land Survey 80%
  - Accountants 60%
  - Administrative Posts 90%
- Banks 90%

In 2010, Omanization rates across all sectors increased from 2 to 10 percent. Omanization goals significantly increased as a result of Oman’s Arab Spring, although quotas have not been published. The Ministry of Manpower will not issue a labor clearance for companies that fail to hire qualified Omanis to meet the labor targets. If qualified Omanis are not available, the Ministry may issue labor clearances pending future availability of qualified Omanis to fill such positions. The Ministry also assists

companies in training Omanis for high-demand positions if the companies agree to hire them once trained. Under the U.S.-Oman FTA, the Omani government may set Omanization targets of 80% for U.S. companies in the Sultanate, excluding managers, board members, and specialty personnel. Private companies have expressed concerns about the work ethic of Omanis compared with expatriate staff, as well as absenteeism of local workers who are harder to dismiss because of the protections they enjoy under local employment laws.

Oman is a member of the International Labor Organization (ILO). Oman has ratified four of the eight core ILO standards, including those on forced labor, abolition of forced labor, minimum working age, and the worst forms of child labor. Oman has not ratified conventions related to freedom of association or collective bargaining, or the conventions related to the elimination of discrimination with respect to employment and occupation.

#### **Foreign-Trade Zones/Free Ports**

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The government has established free-trade zones to complement its port development projects. The Sultanate heavily invested in the “Salalah Free Zone.” The Salalah Free Zone Company (SFZC) is working with the government to finish the first phase of the project, which includes the establishment of roads and utility lines, as well as the leveling of industrial plots. An incentive package includes a 30-year tax holiday, duty-free treatment of all imports and exports, and tax-free repatriation of profits. Additional benefits include streamlined business registration and a low 10 percent Omanization requirement. U.S.-based Octal Petrochemicals, India-based TVS Group, and government-supported Salalah Methanol are the anchor tenants. On December 20, 2010, the government established a free trade zone adjacent to Sohar Port, which is located two hours northwest of Muscat. In addition, the government opened a free trade zone at an interior border crossing point with Yemen (al-Mazyounah) in 1999.

#### **Foreign Direct Investment Statistics**

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Systematic information on foreign direct investment is limited. As per Capital Market Authority statistics from December 2009, foreign participation, including that from GCC nationals, equaled 23% in terms of shares held in the Muscat Securities Market. Foreign capital constituted 24% of the shares held in finance, 21% in manufacturing, and 23% in insurance and services.

The largest foreign investor is Royal Dutch Shell Oil, which holds 34 percent of Petroleum Development Oman, the state oil company, and 30 percent of Oman Liquid Natural Gas. Other companies, such as Occidental Petroleum, BP Amoco, Novus

Petroleum, Hunt, British Gas, and Nimr, have also invested in Oman's petroleum and gas sectors. Two U.S. firms, Gorman Rupp (water pumps) and FMC (wellhead equipment), have entered into industrial joint ventures with Omani firms. Both joint ventures involve modest manufacturing operations. Since 1999, Oman has witnessed increased foreign direct investment through the privatization process. Major foreign investors that have entered the Omani market recently include AES (U.S.), Suez-Tractabel (France), Alcan (Canada), LG (Korea), Veolia (France), SinoHydro (China), and National Power (U.K.). Bechtel constructed an aluminum smelter on behalf of Sohar Aluminum.

## **Web Resources**

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Ministry of Commerce and Industry

<http://www.MoCIoman.gov.om/>

Ministry of National Economy

[www.moneoman.gov.om](http://www.moneoman.gov.om)

Omani Center for Investment Promotion and Export Development (OCIPED)

<http://www.ociped.com/>

Ministry of Information

<http://www.omanet.om/english/home.asp>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid? (Methods of Payment)

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The most common method of payment in Oman is by providing a letter of credit from a bank. Oman has four debt collection agencies: Debt Recovery Service, Fort Travel and Tours, United Finance Company and United International Recovery. There are no credit rating agencies or bureaus currently established in Oman.

### How Does the Banking System Operate

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Oman's banking sector consists of 17 licensed local and foreign commercial banks and two specialized banks. Two more commercial banks are in different stages of planning and formation: Al Izz Bank International and the Islamic Nizwa Bank. Some local banks have significant foreign shareholders, with expatriates in senior positions. The banks are subject to supervision by the Central Bank of Oman (CBO), which regulates and licenses private banks, monitors interest rates, and issues development bonds and notes.

### Foreign-Exchange Controls

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The Omani Rial is fully convertible and is pegged to the U.S dollar (roughly 1 RO = \$2.60). There is no restriction on the repatriation of capital from Oman.

### U.S. Banks and Local Correspondent Banks

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Local banks in Oman maintain U.S correspondents: [Bank Muscat](#) (J.P. Morgan Chase), [Oman International Bank](#) (Citibank), [National Bank of Oman](#) (Wells Fargo), [Oman Arab Bank](#) (Arab Bank PLC), [Bank Dhofar](#) (Wells Fargo and J.P. Morgan Chase). There are no U.S. banks operating in Oman, although Citibank remains active in the Omani market working out of its Dubai office.



## **Project Financing**

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The Sultanate has two loan programs to promote investment. The Ministry of Commerce and Industry (MOCI) administers a program designed to promote industrial investment. Formerly interest free, the program now charges 4 percent annual interest, with generous repayment terms. MOCI loans will match equity contributions in the Muscat capital area, or 1.25 times equity for other locations. Projects with a high percentage of local content or employing large numbers of Omanis are given priority, as are tourism projects outside the capital area. The Oman Development Bank also administers a loan program to support development of smaller industries in the agriculture, fisheries, petroleum, mining, and services sectors.

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Ministry of Commerce and Industry

<http://www.MoCIoman.gov.om>

Central Bank of Oman

<http://www.cbo-oman.org/>

Bank Muscat

<http://www.bankmuscat.com>

Oman International Bank

<http://www.oiboman.com>

National Bank of Oman

<http://www.nbo.co.om>

Oman Arab Bank

<http://www.oman-arabbank.com>

Bank Dhofar

<http://www.bankdhofar.com/>

Export-Import Bank of the United States

<http://www.exim.gov>

OPIC

<http://www.opic.gov>

Trade and Development Agency

<http://www.tda.gov/>

SBA's Office of International Trade

<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation

<http://www.fsa.usda.gov/cc/default.htm>

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### Business Customs

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While most Omani businesspersons are accustomed to Western business practices, some still operate along more traditional Arab lines. A visit to Oman may involve the following: appointments will sometimes not be made until after the foreign businessperson arrives in Oman; upon arriving for an appointment, s/he may discover that others have appointments at the same time, or have arrived without one. However, a visitor should be on time, particularly for government appointments. Once the meeting begins, it may be interrupted by telephone calls. Coffee, tea, or soft drinks will probably be offered (except during the Muslim holy month of Ramadan), and should be accepted. Politeness is highly valued; blunt statements should be recast into constructive, balanced terms. Devout Muslims pray five times every day; visitors should be sensitive to hosts who break off a discussion for prayer at noon, which falls during business hours. In dealing with one of the many Omani executives educated in the U.K. or the United States, there is little other than the “dishdasha” national dress worn by the Omanis that a visiting businessperson might find different from home. English is very widely spoken, particularly in the capital area.

### Travel Advisory

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As of the date of publication, there are no travel advisories in effect for Oman. However, regional and global advisories remain in effect. See <http://www.travel.state.gov/> for up-to-date travel advisories/warnings.

## Visa Requirements

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Tourist and business visas are relatively easy to obtain at the airport or a land border. A single-entry tourist or business visa costs \$52 (20 Omani Rials) and is valid for one month; the visa may be renewed for a \$52 (20 Omani Rials) fee. A multiple-entry tourist or business visa, which is valid for one year, costs \$130 (50 Omani Rials). Both may be obtained upon arrival at the airport. Visas can also be obtained in advance through application to an Omani embassy, consulate, or trade representative abroad. There are also new expedited procedures for citizens of other GCC nations, as well as an agreement allowing Omani visa-holders to visit Dubai via air.

The U.S. Embassy in Muscat does not arrange visas for visiting businesspersons. A multiple entry visa is strongly recommended; however, not all Omani diplomatic missions inform U.S. citizens of that option. The State Department's Consular Information Sheet for Oman, which includes travel advisory information, can be found at: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_991.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_991.html)

U.S. companies that require travel of foreign businesspersons to the United States should refer to the following links for U.S. visa application procedures:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

Consular Section, U.S. Embassy in Muscat: <http://oman.usembassy.gov/>

## Telecommunications

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Omantel and NARWAS operate a relatively modern and efficient telephone system. Virtually all businesses have fax machines. Mobile (GSM) phones are widely used; roaming arrangements already cover the GCC, the U.S., the UK, and European countries. The networks for GSMs are operated by the telecommunications providers in Oman, NAWRAS and Omantel, although other competitors, FRiENDi, Renna, Mazoon Mobile, Samatel and Injaz Mobile have recently entered the market. Omantel and Nawras also provide broadband Internet services.

## Transportation

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Western visitors are unlikely to patronize the local, non-air conditioned bus or collective taxi system in Muscat. Outside of the capital area, public transport is rarely found off main highways. Taxis are ubiquitous throughout urban areas. Customers are advised to negotiate the fare before entering the taxi and ask a trusted local regarding pricing for the distance travelled. There are no metered taxis.

## Language

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The official language of Oman is Arabic. English is widely spoken as the language of business and higher education; Swahili, Farsi, Urdu, Baluchi, Hindi, and various languages of south Asia are common.

## Health

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Sanitary standards for food and water are generally quite good, particularly at major hotels. The Omani government inspects restaurants to maintain hygienic standards. The use of bottled water is recommended in the summer months. Health care in Oman is adequate and there are a number of Western or Western-educated health care providers in the Muscat area.

## Local Time, Business Hours, and Holidays

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Local Time:

Oman is four hours ahead of Greenwich Meantime and eight hours ahead of Eastern Daylight Time (EDT); as Oman does not observe daylight savings time, during winter months it is nine hours ahead of Eastern Standard Time (EST).

Business Hours:

Weekdays are Saturday through Wednesday. Many companies open at 7:30, close for the afternoon at 13:00 and reopen at 16:00, closing for the day at 18:00. Larger businesses operate from 8:00 to 16:30. Government offices are open from 7:30 to 13:30. During the month of Ramadan government offices and most businesses have shortened hours.

Public Holidays for 2011:

- |                         |                        |
|-------------------------|------------------------|
| • Birth of the Prophet* | February 15            |
| • Ascension Day         | June 28                |
| • Renaissance Day       | July 23                |
| • Eid al Fitr           | August 31- September 1 |
| • Oman National Day*    | November 18            |
| • Eid al Adha*          | November 7-9           |
| • Islamic New Year      | November 26            |

\* Although the actual date will not be announced until shortly before the holiday takes place

## Web Resources

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U.S Embassy, Muscat  
<http://oman.usembassy.gov/>

Travel Advisory Website  
<http://www.travel.state.gov/>.

Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.  
<http://www.access.gpo.gov>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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Muscat American Business Council (MABC)  
Ali Daud, President  
Emmee Haun, Executive Director  
TEL: (968) 24 797-623 FAX: (968) 24 798-291  
E-mail: [mabcoman@omantel.net.om](mailto:mabcoman@omantel.net.om)

Embassy of the Sultanate of Oman  
Her Excellency Hunaina al-Mughairy, Ambassador  
2535 Belmont Road, NW  
Washington DC 20008  
Website for the Government of Oman: [www.omanet.com](http://www.omanet.com)

Public Authority for Investment Promotion and Export Development (PAIPED)  
Salim bin Nasser Al-Ismaili, Chairman  
P.O. Box 25 - Wadi al-Kabir  
Postal Code: 117  
Sultanate of Oman  
TEL: (968) 24 623-333; FAX: (968) 24 623-332  
E-mail: [info@ociped.com](mailto:info@ociped.com)  
Website: [www.ociped.com](http://www.ociped.com)

Oman Chamber of Commerce and Industry  
His Excellency Khalil bin Abdullah bin Mohammed al-Khonji, Chairman  
P.O. Box 1400 Ruwi  
Postal Code 112  
Sultanate of Oman  
TEL: (968) 24 707-674/84/94, FAX: (968) 24 708-497  
E-mail: [info@omanchamber.org](mailto:info@omanchamber.org)  
Website: [www.chamberoman.com](http://www.chamberoman.com)

Ministry of Commerce and Industry (MOCI)  
His Excellency Saad bin Mohammed Said al Mardhouf al Sa'adi  
P.O. Box 550 Muscat  
Postal Code 113  
Sultanate of Oman

TEL: (968) 24 774-240, FAX: (968) 24 794-239/771-7239  
Website: [www.MoCIoman.gov.om](http://www.MoCIoman.gov.om)

Directorate General for Specifications and Measurements (MOCI)  
Saud bin Nasser al-Khusaibi, Director General  
P.O. Box 550  
Muscat, P.C. 113  
Sultanate of Oman  
TEL: (968) 24 774-800, FAX: (968) 24 815-992  
Website: [www.MoCIoman.gov.om](http://www.MoCIoman.gov.om)  
Handles all standards, including food standards

Ministry of Agriculture and Fisheries  
His Excellency, Dr. Fuad bin Mohammed Ja'afar bin Mohammed al Sajwani, Minister  
P.O. Box 467  
Muscat, P.C. 113  
Tel: +968 24 696-539  
Fax: +968 24 694-465  
E-mail: [mafvet@omantel.net.om](mailto:mafvet@omantel.net.om)  
Dr. Rashid Al Suleimany, Director, Dept. of Animal Health  
Inspection of meat, poultry, eggs, live plants and animals

Authority for Electricity Regulation  
John Cuneen, Executive Director  
P.O. Box 954 - Muscat  
Postal Code 133  
Al Khuwair, Sultanate of Oman  
TEL: (968) 24 609-700, FAX: (968) 24 609-701  
<http://www.aer-oman.org/>

Ministry of Housing  
Saif Bin Mohammed Al Shabibi, Minister of Housing  
P.O. Box 173 - Muscat  
Postal Code 113  
Al Khuwair, Sultanate of Oman  
TEL: (968) 24 693-333, FAX: (968) 24 697-437

Ministry of Finance  
His Excellency Darwish bin Ismail bin Ali al Bulushi, Minister Responsible for Financial  
Affairs  
P.O. Box 506 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 738-201 thru 210; 24 739-764 thru -772; FAX: (968) 24 737-068  
[www.mof.gov.om](http://www.mof.gov.om)



Ministry of Health  
His Excellency, Dr. Ahmed bin Mohammed al Sa'eedi, Minister  
P.O. Box 393 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 602-177, FAX: (968) 24 602-162/601-430  
[www.moh.gov.om](http://www.moh.gov.om)

Ministry of Oil and Gas  
His Excellency, Dr. Mohammed bin Hamad al Rumhy  
P.O. Box 551 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 603-333/341/563, FAX: (968) 24 696-972  
<http://www.mog.gov.om>

Ministry of Environment and Climate Affairs  
His Excellency, Mohammed bin Salim bin Said Al Toobi, Minister  
P.O. Box 461 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 692-550/696-444, FAX: (968) 24 693-995/693-858

Ministry of Transport and Communications  
His Excellency, Dr. Ahmed bin Mohammed bin Salim al Futaisi, Minister  
P.O. Box 338 Ruwi  
Postal Code: 112  
Sultanate of Oman  
TEL: (968) 24 697-888/698-931, FAX: (968) 24 696-817/ 24 696-670

Central Bank of Oman  
His Excellency Hamood Sangour al Zadjali  
P.O. Box 1161 - Ruwi  
Postal Code 112  
Sultanate of Oman  
TEL: (968) 24 702-222, FAX: (968) 24 707-913, 24 702-253  
<http://www.cbo-oman.org/>

#### Commercial Section

Elizabeth Powers, Economic and Commercial Officer  
Ida Mathew, Commercial Specialist  
American Embassy, Muscat  
P.O Box 202  
Postal Code 115

Sultanate of Oman

TEL: (968) 2464-3784

FAX: (968) 2464-3730

E-mail: [muscatcommercial@state.gov](mailto:muscatcommercial@state.gov)

Website: <http://www.buyusa.gov/oman>.

Agricultural Trade Office

Jude Akhidenor, Attaché

U.S. Agricultural Trade Office

P.O. Box 9343

Dubai, UAE

TEL: (9714) 311-6183

FAX: (9714) 311-6189

E-mail: [atodubai@emirates.net.ae](mailto:atodubai@emirates.net.ae)

Website: <http://www.usembabu.gov.ae/atodubai.htm>

(Covers: Oman, Bahrain, Kuwait, Qatar, and UAE)

USDA/Washington Contact Information

Trade Assistance and Promotion Office (TAPO)

Foreign Agricultural Service (FAS)

U.S. Department of Agriculture

Ag Box 1052

Washington, DC 20250-1052

TEL: (202) 720-7420

FAX: (202) 690-4374

Website: <http://www.fas.usda.gov>

**Market Research**

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.buyusainfo.net> and click on Country and Industry Market Reports.

**Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Please click on the link below for information on all major U.S. food and agricultural exhibitions:

<http://www.fas.usda.gov/agexport/tradeshows/DomesticShows.html>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers to U.S. businesses, please click on <http://www.buyusa.gov/oman>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.